

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**SB 138 - HB 88**

February 28, 2017

**SUMMARY OF BILL:** Requires certain municipal utility board commissioners to attend a minimum number of hours of training and continuing education each term. Authorizes the Water and Wastewater Financing Board (WWFB) to order sanctions against a municipality whose utility board commissioners fail to meet the training requirements.

**ESTIMATED FISCAL IMPACT:**

On February 27, 2016, a corrected fiscal note was issued for this bill with the following estimated impact:

*Increase Local Expenditures – \$100,000\**

*Other Fiscal Impact – Due to multiple unknown factors, any impact to local government resulting from sanctions imposed by the WWFB cannot reasonably be determined.*

Based on updated information provided by the Comptroller of the Treasury (COT), the estimated fiscal impact has been corrected as follows:

**(CORRECTED)**

**Increase Local Expenditures – \$50,000/Permissive**

**Other Fiscal Impact – Due to multiple unknown factors, any impact to local government resulting from sanctions imposed by the WWFB cannot reasonably be determined.**

**Assumptions:**

- The proposed language is applicable to commissioners of municipal sewer and waterworks utility boards and commissioners of water and wastewater treatment authorities.
- Commissioners will be required to attend a total of 24 hours of training and continuing education every four years: 12 hours during the first year of their term and 12 hours over the course of the succeeding three years.
- It is reasonably estimated that 200 boards with five commissioners per board, or 1,000 commissioners (200 boards x 5 commissioners), will be required to attend training.

- Commissioners' terms are staggered, with one commissioner on the board beginning their term every year.
- Any entity wishing to provide training to the commissioners must submit a copy of the proposed curriculum to the COT for approval.

*Estimated Costs to the Comptroller of the Treasury:*

- The COT will provide training to the municipal utility board commissioners in conjunction with training provided by entities whose curriculums have been approved.
- The COT will also provide training not held in conjunction with other entities at no cost to municipal utility board commissioners.
- The COT will not require any additional staff to provide training and any travel costs can be accommodated within their existing resources. According to the COT, the allocation for this program is being underspent by approximately 50 percent, yet an amount of available funds was not provided. As a result, it is assumed there will not be a significant increase in state expenditures.

*Estimated Costs to Local Governments:*

- The Tennessee Association of Utility Districts (TAUD) currently provides training to utility districts at a rate of \$100 per person per year. It is reasonable to assume that TAUD and similar organizations will be approved by the COT to provide training to municipal utility boards and that training for municipal utility board commissioners will be comparable in cost to training currently provided to utility district members.
- Approximately 50 percent of municipal utility board commissioners will attend the required training through an entity such as TAUD, but will elect to do so in lieu of training provided by the COT.
- The required training will result in a permissive recurring increase in local expenditures of \$50,000 [(200 boards x 5 commissioners x 50.0%) x \$100 per commissioner]. Any revenue received by TAUD or other similar organizations will be expended for the provision of training; therefore, any budgetary impacts to these entities is considered not significant.
- The WWFB will be authorized to order sanctions against any board or authority whose commissioners have failed to meet the training requirements.
- Due to multiple unknown factors such as, how many boards or authorities will have commissioners who will not meet the training requirements, if the WWFB will authorize the use of sanctions against the municipality, and the extent of any such sanctions, a precise impact to local government cannot reasonably be determined.

## **IMPACT TO COMMERCE:**

**(CORRECTED)**

**NOT SIGNIFICANT**

Assumptions:

- The proposed language is only applicable to local government utility board commissioners; utility board commissioners of private utilities will not be required to attend the training.
- Any revenue received by private entities for the purpose of training will be expended for the provision of services related to training. Any net impact to commerce is not expected to be significant.
- Any impact to jobs in Tennessee is considered not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jrh